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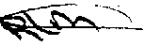
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PHILIP MORRIS U.S.A.

INTEROFFICE CORRESPONDENCE
120 PARK AVENUE, NEW YORK, NY 10017

TO: D. Dangoor

DATE: April 23, 1990

FROM: R. Mikulay 

SUBJECT: On-Carton Couponing

As Arthur's analysis indicates, Cambridge continues to perform below trend. In order to maintain growth momentum and position the Brand long-term, we must aggressively pursue a two-prong strategy. Offensively, differentiation within the category is being achieved through advertising that communicates a high-quality image, value-added consumer promotions and big display presence at retail. Defensively, it is imperative that the Brand return to competitive price parity which had been a critical element in its historical growth pattern. David, until Cambridge is successfully re-positioned in the consumer's mind as more than just a low-price Brand and Bristol becomes a successful, widely-distributed entry, it will remain necessary to match higher-value couponing by market and account.

I recommend approval for \$19mm to begin immediate use (June allocation) of higher value coupons (30% - \$3.00; 30% - \$2.50; 40% - \$2.00) on Cambridge and Alpine. Alpine's contiguous merchandising position and the fact that nearly 26% of Doral's volume is from the menthol packings requires couponing commensurate with Cambridge.

cc: A. Goldfarb
M. Mahan

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